

**HEARING: “INTERNATIONAL PROGRAMS IN HIGHER
EDUCATION AND QUESTIONS OF BIAS”
THURSDAY, JUNE 19, 2003
WASHINGTON, DC**

TESTIMONY OF DR. PEYTON FOSTER RODEN
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UNIVERSITY OF NORTH TEXAS
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In an economic sense, Title VI provides funds for investment in human capital so that society can develop academic initiatives to increase the wealth of the nation. I believe that the BIE funds granted to the University of North Texas (UNT) will be used productively and lead to an increase in the wealth of the nation. The funds will be used to establish a curriculum with NAFTA modules in several courses, to develop programs associated with the UNT's Center for Logistics Education and Institute of Petroleum Accounting, and to help the College of Business (COBA) to provide awareness of NAFTA for COBA's stakeholders and other institutions.

The following discussion will show you the way funding provided by the Business and International Education (BIE) grant has made development of the COBA's Center for NAFTA Studies and its initiatives a reality. Clearly, cash flow from the grant will benefit the initiatives, but also important are the transparency, accountability, visibility, and legitimacy federal funding provides to our start-up Center.

THE CENTER FOR NAFTA STUDIES

The College of Business Administration of the University of North Texas established a Center for NAFTA Studies to examine the economic and business implications of NAFTA. Federal recognition of the Center as a dynamic part of the University and of the Texas economic scene came with a Business and International Education (BIE) award to finance the Center for NAFTA Studies and several initiatives. The two-year award, which begins July 1, 2003, provides \$158,000. The University will provide an equal amount. The budget is attached in Appendix A on page 10 at the end of this document.

The College of Business Administration at the University of North Texas established the Center for NAFTA Studies in 2001 to address three separate needs, two derived directly from the university's mission, with the third relating to the needs identified by the business community. The Center allows the COBA to contribute to the University's mission to internationalize its programs in response to the educational goals of the State of Texas. The Center contributes toward satisfying student needs for international programs and business community needs for a regional university with strong international programs. Extraordinary growth in the importance of international markets— especially those of Canada and México— to the Dallas-Fort Worth region reinforces the need to develop such a center in the North Texas area. Recognition of the potential opportunities to the University and to the international business community led to the decision to perform an assessment to determine the role of the COBA to support the growing importance of international activities in Texas and, particularly, in the Dallas-Fort Worth region.

Need for the Center

The COBA Board of Advisors recommended establishment of a special advisory group made up of experts from the international business and government communities to examine the feasibility for COBA to develop a focused international effort. This special group examined the role that COBA should play in bringing international educational opportunities to its students

and to business and government organizations in this region. It concluded that the international focus for UNT's College of Business Administration should be the development of a wide-ranging expertise on NAFTA and its impact on the three signatories (Canada, México, and the United States) with special reference to the needs of the Dallas-Fort Worth region. The faculty-led International Committee considered the appropriateness of a NAFTA focus for the College. Departmental-based Curriculum and Academic Policy Committees agreed that NAFTA is an appropriate focus for some of our curriculum development efforts.

Students provided input into the decision process. They encouraged the establishment of the Center for NAFTA Studies and inclusion of students in its activities and programs. Indeed, the overall thrust of the initiative is to tie student needs and interests to those of the international business community and of the faculty through curriculum reform.

A direct benefit to both faculty and students is the integrative nature of the program we are developing. Traditional business education in the United States is organized around a series of academic departments devoted to a single discipline. UNT is typical. We have five departments around which the curriculum is developed. These five silos lead to a fractured learning experience unless individual silos are knitted into an integrated educational experience. We believe that the NAFTA theme developed throughout the curriculum can serve the purpose of knitting the educational pieces into one fabric.

Out of the dialogue with our various stakeholders, a variety of needs were identified and expectations developed for the Center for NAFTA Studies. The establishment of a Center for NAFTA Studies should make a substantial contribution to the international activities in the Dallas-Fort Worth region and at the University. The advisory groups also encouraged the COBA to be alert to opportunities to extend the Center's work to Central and Latin America. This will become increasingly important as the NAFTA trade corridor expands to include countries in these other areas.

Our discussions resulted in the identification of a number of different areas in which COBA could make important contributions to this region's international business activities. These activities were grouped into four areas consistent with the university's mission: (1) business community outreach and executive development, (2) faculty programs and development, (3) research programs and development, and (4) student programs and development.

Mission of the Center for NAFTA Studies

The Center's mission consists of several parts as follows:

- To develop student and faculty competencies in international trade and commerce with special emphasis on NAFTA.

- To research, explore, and document the impact of the North American Free Trade Agreement on investment, on trade and commerce decisions, and on activities of governments and businesses in the Dallas-Fort Worth region;
- To facilitate exporting activities of the regional business organizations; and

The Center's mission is a direct outcome of the needs assessment process described above and of a critical review within the university's senior administration. The administrative review process focused on (1) whether or not the mission and objectives of the proposed Center were consistent with those of the university as a whole and (2) competencies of individuals who would execute the activities of the Center. The Council of Deans, each senior Vice President, the President, and the Chancellor of the University approved and encouraged the College of Business Administration to establish the Center.

STRATEGIC PROGRAM OBJECTIVES AND EXPECTED OUTCOMES

The BIE grant will help finance a series of strategic program objectives designed to meet the needs identified by stakeholders. These programs will enable the Center for NAFTA Studies to make substantial progress toward accomplishing its mission over an implementation period of two years beginning July 1, 2003. They include:

- **Faculty and Student Development Programs and Exchanges.** The activities within this program area include curriculum development to incorporate NAFTA issues in selected courses and programs; student education and training in an international context with specific emphasis on NAFTA; faculty development programs in international business with specific emphasis on NAFTA issues; and student and faculty study abroad and exchange programs with Mexican universities. Our planned work in this area corresponds with Title VI of the Higher Education Act which calls for increasing international skills in the business community and creating an awareness among the American public of the internationalization of our economy. Initial work in this area was part of the request to the Department of Education (DOE).
- **International Business and Trade Organizations Outreach.** Activities within this program area focus on facilitating exports, marketing and logistics, and financing. This includes working with the Dallas and Fort Worth Chambers of Commerce (both groups are our partners in this proposal) and area businesses and governments on projects of mutual benefit; developing a research program that focuses on specific issues that directly affect trilateral trade; developing educational modules for inclusion in the business curriculum; and serving as a catalyst to spur critical thinking about innovation and investment in exporting. Our work in this area is consistent with Title VI emphasis on links among academic institutions, world trade and business groups, and state departments of commerce.

- ❑ **Technology Transfer and Innovation.** This strategy calls for the Center to translate the knowledge created through research and education into innovative ideas and methods that create wealth and build local and regional infrastructures. This strategy also calls for developing a sense of awareness and commitment on the part of students and faculty to the roles of business structure and organization in this transfer. Our work in this area is consistent with Title VI in its emphasis on wealth creation and the role of education in developing research and teaching wealth creation.
- ❑ **Sister Cities Program.** Cooperating sister cities in México and the United States have noted that some public administrators in cooperating sister-city governments have inadequate understanding of NAFTA and related economic and business issues. The Center for NAFTA Studies will respond to this issue through development of educational programs, mutual exchanges between government leaders and business executives, and seminars on these issues for Mexican cities partnered with Dallas-Fort Worth region cities. This is consistent with the Title VI goal of developing trained, competent, public administrators to understand the economics of NAFTA.
- ❑ **Other Educational Programs.** Activities within this program focus on development of educational materials for non-university educational institutions to use in teaching the economic and business aspects of NAFTA. Experts in economics, business, and education will develop materials that ultimately will be available in English, Spanish, and French. In developing these programs, we will work with individuals who specialize in language, education, and economics and who come from community (junior) colleges. We have reached an agreement with Brookhaven College to begin work on this project. This is consistent with several of the authorized activities in Section 613 of Title VI.

These program objectives form the present working model for the Center for NAFTA Studies. As we move forward, we will develop appropriate implementation strategies, tasks, activities, and budgets. Other opportunities not reflected in the present plan may present themselves and could cause us to alter our timing on these programs.

FACULTY AND STUDENT DEVELOPMENT PROGRAMS AND EXCHANGES STRATEGY

Putting NAFTA into the Curriculum

Our first tactic will be to introduce NAFTA modules into the educational curriculum for all students of the College of Business Administration. We plan to develop fourteen different NAFTA modules for elective and required courses. This tactic ensures that all graduates will be exposed to NAFTA in at least one course. A list of courses we propose to revise with assistance from the Business and International Education Program is shown in Appendix B on page 11.

A role of our outside cooperating partners is to contribute to the curriculum and educational aspects of this development. The advisory panel, called the NAFTA Studies Partners Group, will

consist of representatives of business and government from the Dallas-Fort Worth region with a direct interest in and commitment to NAFTA as well as governmental agencies from Texas, Canada, and México. They will serve as a source of regular consultation and feedback to faculty in the conceptualization, design, and execution of courses focusing on NAFTA and NAFTA-related issues. Each participant will provide one or more individuals responsible to review the modules, provide useful input, participate as guest lecturers, and act as mentors to interested students.

Our College of Business Administration has a long history of working closely with external communities on the design and delivery of educational programs. While curriculum decisions remain the province of the faculty, regular and consistent input from external stakeholders allows us to develop educational experiences at the cutting edge of current business practice as well as to participate in the active business laboratory provided by the external stakeholders.

NAFTA International Business Outreach

We believe that COBA activities directed at students and faculty under this grant will directly benefit international business and trade. However, we also plan two other programs.

The first is with the Center for Logistics Education and Research and will involve the Center for NAFTA Studies in developing a program entitled *River of Trade: The Movement of Goods and Services on I-35*. This program is of particular interest to the business community in the Dallas-Fort Worth region and to the North Texas Commission (described below on page 7). A special session will be devoted to exploring the issues related to the movement of goods and services along the Interstate 35 corridor from México to Canada. After issues have been identified, the Center for NAFTA Studies will work with the North Texas Commission to determine how public and private entities can cooperate in addressing these issues.

The second program is a cooperative venture with UNT's Institute of Petroleum Accounting (IPA) on the development of transfer pricing for the movement of oil and gas supplies among the NAFTA signatories. The United States is the primary importer of Canadian and Mexican oil and gas. However, the trade is often characterized by feuding and disputes, sometimes because of disagreements over appropriate transfer prices. The transfer price often determines where the oil and gas will be taxed. It also influences the volume of trade and even the method of transport. The Center for NAFTA Studies, along with its business partners and those of the Institute of Petroleum Accounting, will design a research study to investigate these issues.

INTERNATIONAL BUSINESS AND GOVERNMENT OUTREACH AND PARTNERS AGREEMENT

Our international business and government outreach and the support of these groups for us comes in four ways during the BIE grant period. They are incorporated into a four agreements, parts of which are discussed below.

General Partners Agreement

Our partners join us in a commitment to develop a well-structured and balanced curriculum that incorporates international business issues into a wide range of courses. They also commit to help us develop outside-the-curriculum programs, lectures, and other experiences to broaden the student awareness of work place issues, economic issues, and cultural and social opportunities. The following three excerpts from the Agreement show the strength of their commitment to this proposal:

We presently serve on the Center for NAFTA Studies Advisory Board. The Board's role is to help the NAFTA Center's director and staff develop an understanding of international business relationships

We agree to serve in the NAFTA Studies Partners Group whose primary aim is to help the Center develop and integrate international business issues, especially those involving NAFTA, into the curriculum.

Our partners also have committed to help us identify new partners and to assist in expanding our NAFTA Studies Partners Group. They believe, as we do, that partnership between education and business is essential to enhancing American competitiveness in world markets. If we expand the program to include more businesses and individuals as well as trade associations and government groups, then the economic health of the Dallas-Fort Worth region will benefit.

North Texas Commission Agreement

Founded in 1971, the North Texas Commission is a non-profit, membership-supported organization made up of over 300 North Texas businesses, cities, counties, chambers of commerce, economic development entities, and higher education institutions. Its purpose is to enhance and promote the economic vitality and quality of life of the Dallas-Fort Worth region by providing leadership and acting as the catalyst for regional cooperation.

The North Texas Commission has agreed to work toward the development of programs of mutual benefit. It is especially eager to use the Center for NAFTA Studies as a resource for information, expertise, and well-trained students. It will also participate in the *River of Trade* program. The North Texas Commission members involved with the movement of oil and gas will be utilized in the study of transfer pricing with UNT's Institute of Petroleum Accounting.

Center for Logistics Education and Research Agreement

The Center for Logistics Education and Research joins the Center for NAFTA Studies in developing and presenting a seminar, *River of Trade* on moving goods and services through the Interstate 35-E corridor. An expected outcome from this process is an Intermodal Freight Council focusing on NAFTA issues in which the Center for NAFTA Studies will participate.

Institute of Petroleum Accounting Agreement

A hindrance to an efficient trading system is lack of appropriate measures of the cost of the imported resources, transfer pricing, taxation, and other cost issues. The Institute of Petroleum Accounting has been authorized by its Board of Directors to conduct a research project to investigate this area, and it has committed \$8,000 toward funding the project whose initial cost is expected to total \$16,000. This project will be part of the Center for NAFTA Studies under the BIE grant.

SUMMARY AND CONCLUSION

In summary, the University of North Texas, the College of Business Administration, students, faculty, and stakeholders in the Dallas-Fort Worth region will benefit from the funds provided from the BIE grant. The funds will be used to establish a curriculum with NAFTA modules in several courses, to develop programs associated with the UNT's Center for Logistics Education and Institute of Petroleum Accounting, and to help the COBA to provide awareness of NAFTA for COBA's stakeholders and other institutions.

Funding provided by the BIE grant has made development of the Center for NAFTA Studies and its initiatives an immediate reality. Without the funds, the Center would have remained a distant goal, growing by fits and starts and without the transparency, accountability, visibility, and legitimacy federal funding provides.

- **Transparency.** Federal funding has required the COBA to communicate its objectives to various stakeholders and to develop a budget that is available to them and to other interested parties.
- **Accountability.** The BIE grant requires the Center to account to a federal agency for the allocation of funds.
- **Visibility.** Developing the application for the grant required cooperation between many stakeholders and other areas within the University, thus increasing the visibility of the COBA and of the Center. Moreover, publicity surrounding the successful application benefits the University and the COBA. I would not be here with you today without the funding because the Center would not be financially viable.

- **Legitimacy.** The BIE grant legitimizes the Center for NAFTA Studies. Stakeholders and the public at large have increased confidence that comes with federal funding. The Center is perceived as a productive part of the University community.

In conclusion, I am a strong supporter of the BIE program. From my perspective, the Program is especially useful to universities in the initial stages of developing international programs and initiatives. My recommendation is that new programs be given higher priority than mature programs to provide funding that may be used productively to develop programs, establish their legitimacy, and to provide funds that may be bootstrapped into increased funds from the private sector.

Thank you for the opportunity to appear before you today and to share my views. I look forward to working with you in the future if you believe that I can be of service.

Peyton Foster Roden

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APPENDIX A. BUDGET FOR NAFTA STUDIES CENTER
AND INITIATIVES



U.S. DEPARTMENT OF EDUCATION

REVISED BUDGET INFORMATION

24 April 2003

Award No. P153A030066

University of North Texas

OMB Control No. 1890-0004

NON-CONSTRUCTION PROGRAMS

Name of Institution/Organization: UNIVERSITY OF NORTH TEXAS,
CENTER FOR NAFTA STUDIES

Applicants requesting funding for only one year should complete the column under "Project Year 1."
Applicants requesting funding for multi-year grants should complete all applicable columns. Please read
all instructions before completing form.

SECTION A - BUDGET SUMMARY
U.S. DEPARTMENT OF EDUCATION FUNDS

Budget Categories	Project Year 1 a	Project Year 2 b	Project Year 3 c	Project Year 4 d	Project Year 5 e	Total f
1. Personnel	\$42,002	\$37,501				\$79,503
2. Fringe Benefits	\$11,223	\$9,722				\$20,945
3. Travel	\$9,000	\$11,290				\$20,290
4. Equipment						
5. Supplies	\$5,819	\$14,539				\$20,358
6. Contractual						
7. Construction						
8. Other	\$1,400	\$3,800				\$5,200
9. Total Direct Costs (lines 1-8)	\$69,444	\$76,852				\$146,296
10. Indirect Costs	\$5,556	\$6,148				\$11,704
11. Training Stipends						
12. Total Costs (lines 9-11)	\$75,000	\$83,000				\$158,000

APPENDIX B. COURSES SCHEDULED FOR NAFTA MODULE

Course	Course Title	Responsible Faculty Member
Accounting 4140 and 5140	Advanced Accounting Problems	Paul Hutchison
Accounting 4420	International Accounting	Teri Conover
Logistics 5430	Designing, Creating, and Managing the Delivery Systems	Ron Hasty
MSCI. 4510	Model Based Decision Support Systems	Shailesh Kulkarni
Management 4660/5660	International Management Perspectives	Lynn Johnson
Accounting 5150	Accounting Theory	Barbara Merino/Alan Mayper
BCIS 5670	International Issues of IT Management	Melinda Cline
Marketing 4280	Decision Making in Global Markets	Nancy Albers-Miller
Marketing 3650	Foundations of Marketing Practice	Barbara Coe
Finance 4500	International Finance	Niranjan Tripathy
Finance 4300	Working Capital Management	Peyton Roden
Business Law 3430	Basic Law	Marcia Staff
Logistics (new course)	International Logistics	Madhav Pappu
Finance 2980	Financial Impact of NAFTA	Peyton Roden